

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE
Tuesday, August 17, 2004 at 1:00 p.m.
Room W135, House Building

Members Present: Sen. Leonard Blackham, Co-chair

Rep. Ron Bigelow, Co-chair

Sen. Ron Allen

Sen. Gene Davis

Sen. Mike Dmitrich

Sen. Karen Hale

Sen. Peter Knudson

Pres. Al Mansell

Sen. John Valentine

Sen. Michael Waddoups

Rep. Jeff Alexander

Rep. Greg Curtis

Rep. Brent Goodfellow

Rep. Patricia Jones

Rep. Brad King

Rep. Karen Morgan

Speaker Martin Stephens

Rep. Michael Styler

Rep. Rebecca Lockhart, Vice-Chair

Sen. Bill Hickman, Vice-Chair

Staff Present:

John Massey, Legislative Fiscal Analyst

Michael Kjar, Deputy Director, Legislative Fiscal Analyst

Lynette Erickson, Secretary

Others Present:

List of Others Present on File

1. Call to Order - Approval of Minutes

Committee Co-Chairman Ron Bigelow called the meeting to order at 1:14 p.m.

Motion: Sen. Blackham moved the minutes of June 15, 2004 be approved. The motion passed unanimously with Sens Davis and Dmitrich and Reps. Alexander, Stephens and Lockhart absent for the vote.

2. Federal Funds

Hunter Finch, from the Governor's Office of Planning & Budget, handed out a summary of Federal Assistance Grant Applications that require legislative action, Federal Fund Grant Applications that the Governor has already approved, and Federal Grants currently open. He and Spencer Pratt answered committee questions and briefly discussed specific grant programs with the committee.

MOTION: Sen. Blackham moved to approve and accept the Federal Assistance Grant Applications which require legislative action. The motion passed unanimously with Sen. Davis and Rep. Alexander absent for the vote.

3. State Tax Commission - TC 23

Doug MacDonald, Chief Economist, State Tax Commission with a power point presentation discussed the TC 23 Report issued by his office. He said the one of most important things to understand on the monthly summaries is that figures are due by end of month and reported one month later. Because returns are now due the end of month, not the 20th of month as they used to be, between 24 - 43% are accounted for in first five working days of the next month. The front page of the summary highlights revenue growth for the "Top 10" revenue sources and also lists revenue shortfall. They have 103 revenue sources and there is a lot of detail included in the following pages.

Sen. Hickman questioned why there was so much detail. Mr. MacDonald responded that the summary was previously requested. Co-Chairman Bigelow said this much detail was typically not given to committee members and Sen. Hickman suggested that just categories and accumulated numbers would suffice. Mr. MacDonald described their process. He said approximately 60% of the revenue comes from corporate returns and 40% from individuals. He said typically if revenues are up first few months, they will stay up the rest of year.

Sen. Hickman asked if there was historical data to support their projection methods. Speaker Stephens questioned the sales and use tax line item saying he believed one of two things needs to happen. Either the ** explanation needs to come off, or if \$1,465 million, surplus should show \$109.9 million. If it was raised after legislature out of session, there should be \$4 million. John Massey clarified \$1,469 million was the budgeted number. Co-Chairman Bigelow said that number was correct, but the asterisk doesn't mean anything. Speaker Stephens asked that the final year end report be corrected.

Sen. Valentine questioned if the TC 23 was figured on an accrual basis. Mr. MacDonald said it was not on a yearly basis, only for the first five days of monthly reporting system. Sen. Valentine suggested

that the footnote statement should not be on the preliminary report, but only on the final report. Mr. MacDonald said he would talk to their people and get it corrected.

Mr. MacDonald suggested that their report may be too complicated and distributed a copy of Idaho's report saying they could simplify their report to make it similar if the committee desired. Co-Chairman Bigelow clarified that the numbers within the red lines on the report is the basis of report and columns four and five are cumulative year-to-date numbers. The footnotes indicate the difference from what was projected and what occurred.

4. Department of Corrections

Bill Greer, Legislative Fiscal Analyst, introduced Scott Carver, Deputy Director, Utah Department of Corrections, and Ed McConkie, Executive Director, Commission on Criminal and Juvenile Justice .

Mr. Carver presented to the committee their new plan to house their inmate population saying they believe the plan is very responsive, conservative, flexible, a wise use of state and federal funds and allows for flexibility for the future. They have worked closely with the Fiscal Analyst and Governor's office and have their support of the proposal. He drew attention to the aerial maps in the packet and explained that the Promontory facility at Draper became vacant in June, 2001, and the Voitis building is also currently vacant. Over the years they have diverted resources to Adult Probation and Parole which has saved the state approximately \$55,000,000. Their proposal is to open the Promontory facility with 400 beds using their current staff thereby gaining 100 inmate beds with little impact on their budget. They are currently experiencing rapid growth in their female inmate population which are now housed in part of the Timpanogos unit. Male inmates for the last five years have been in Stars 1 and 2 which has created problems and they are now out of beds. Their proposal is to open the Voitis building for men, move them from Timpanogos, and have females only in the Timpanogos facility. They plan to open it sometime this December after a fence is installed. By using county jails they can get by this year, but they project within a year they will need an additional 250 beds.

Sen. Hickman asked how much capacity there is in county jail facilities. Mr. Carver said right now there are 70-100 beds available, but the number is shrinking. However, with Cache County recently opening a new facility, there are more beds available at the present time than there have been. He also clarified that the Gunnison site is at capacity.

Mr. Carver went on to discuss future plans. He said funding earmarked for Millard and Beaver county jail expansions is available. In the last general session, the Legislature passed intent language that these funds could be used to purchase Oxbow, which has fallen through, and now they would like those funds allocated for prison beds. They are asking the Legislature to amend the intent language as soon as possible, hopefully in a special session, so this funding can be used to expand the Millard and Beaver

county facilities so they can be ready in approximately a year when the demand is there.

Sen. Dmitrich asked if these facilities are going to be state or county jails and why only those two counties. Mr. Carter said they have conducted previous studies and they are already somewhat down the trail to construction with these. The maintenance money for these facilities is covered under their state contract.

Rep. Curtis asked about the cost. Mr. Carver responded that between Millard and Beaver they can get 300 beds for \$1.5 million but will need more money for state contracting. To construct the new building at Gunnison, the total cost projection is just under \$15 million for capital costs which includes \$1.2 million for infrastructure expansion. The yearly operating cost is around \$6 million a year. The contracting rate is \$5.8m year and includes medical and transportation costs.

Mr. Carver continued that they had sent out an RFI for a new women's facility and had received 4 responses. They would like more time to refine and gather better figures as the RFI only gives ball park figures. Their new proposal to move women into Timpanogos may push the time table further along

Co-Chairman Bigelow asked if there is no special session and nothing is done until January, what the impact would be. Mr. Carver said they would be in a serious crisis and the longer we wait the more serious the crisis would be. Rep. Curtis asked if they could use VOITIS funds for contracts now or for construction of beds only. Mr. Carver clarified they could be used to make beds available, but only for facilities the state would use. Rep. Goodfellow and Rep. Morgan raised question why they do not contract with Salt Lake County. Mr. Carver said they would need legislative approval to initiate a contract with Salt Lake County since they never have contracted with them because Salt Lake County facilities are full.

Pres. Mansell said he was curious about Oxbow, if Salt Lake County was using that facility at all. He said it seems strange they turned down the state's offer if they have an empty facility and it seems strange to build new facilities when there are empty buildings. He asked if there have been any further negotiations. Mr. Carver said that the state was interested in Oxbow, and it does not seem to make sense, but in no way are they disparaging of Salt Lake County.

5. Commission on Criminal and Juvenile Justice (CCJJ) - Drug Offender Reform Act (DORA)

Co-Chairman Bigelow asked for a report on the future impact of DORA from Ed McConkie of CCJJ. Mr. McConkie discussed DORA saying about 16 months ago, CCJJ was asked to partner on this and come up with comprehensive reform plan to deal with drug offenders. They have come up with a

package for a long-term fundamental shift in drug offender treatment. He drew attention to a summary sheet, which says that DORA reduces but does not eliminate the need for jail beds and it should help to avoid some future costs for the Department of Corrections, but does not expect immediate savings. The summary sheet describes that for every dollar put into treatment, \$5.60 costs could be avoided. He also referred to the colored diagram "Drug Offender Reform Act 10-Year Cost Estimates" and said, CCJJ reaffirmed their unanimous support of DORA because significant costs can be avoided.

Pres. Mansell questioned the difference between theft losses and victim losses and how long the Oregon study has been in existence to make these comparisons. Mr. McConkie said he would follow up with that information.

Rep. Jones questioned coming trends and how legislation will affect changes. Mr. McConkie said the fastest growing population in prison now is women and most are drug offenders and most of those are meth offenders. Meth is Utah's #1 drug public safety concern right now. Treatment and addressing the core issue has shown to be very productive in other states. Rather than recycling offenders they are looking at root causes. Rep. Jones recommended prevention and Mr. McConkie agreed prevention saves not only money but also heartache.

6. State Fair Park Update.

Steve Allred, Legislative Fiscal Analyst, introduced Rick Frenette and Dick Abott of the State Fair, and said in the last session the Legislature appropriated \$793,000 for the State Fair. Mr. Frenette said the monies have not been spent, but are in their account and after the 2004 fair they will pay contracts and evaluate for the future. He said they are concentrating on more promotion, more opportunities to come to the fair, more free entertainment, and the educational advantages of the fair for children. He said they have a "Little Hands on the Farm" program for youth to get a hands-on experience with farm life and a better understanding of how products get from the farm to store shelves. He said they need to highlight educational purposes and need to get more into the high technology of agriculture. They need to use the facility in more economic ways such as renting it out to the movie industry.

Sen. Hickman asked about revenue sources. Mr. Frenette said that of their total budget of \$3.5 million the state funded \$793,300. Admissions generate about \$180,000 and the rest of their revenue comes from parking and other events. They currently have about 150 annual events at the Fair Park and are working all the time to get new events. About 65% of their revenue comes from the fair and the balance from non-fair events. Sen. Hickman said he would like to see the fair become self-sufficient, but that has never occurred. He asked what would happen without state funding. Mr. Frenette said the fair would still happen, the fair would pay for itself, last year they had \$375,000 profit. The funding the state provides helps to maintain the buildings which are old. He said they have lost events to more modern facilities and he felt if they had a closed arena, they could generate enough money to pay

completely for the maintenance of the Fair Park. He said he would love to have a soccer stadium out there. Sen. Hickman said the state tries to stay away from private enterprise and there are some old dinosaurs there that maybe should be torn down. Mr. Frenette agreed they should not continue to subsidize dinosaurs and there are private public partnerships that could happen. He said we need to use the facility in a better way and not have old buildings taking up our money.

Sen. Waddoups commented that there are several new programs that could be looked at to infuse new life into the Fair Park. He encourage they not change their reporting structure so they can't compare the past to the present. Some may feel the state should not subsidize entertainment, but the educational value of agriculture is important. He suggested if we just have entertainment, proponents of the Fair Park will be lost.

Motion: Rep. Styler moved to adjourn. The motion passed unanimously.

The meeting adjourned 3:08 p.m.

Minutes reported by Lynette Erickson